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Annual Report 1985

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Annual Report

DEPARTMENT OF TELEPHONES
Province of Saskatchewan
Calendar year 1985

Hon. J. Gary Lane
Minister

Dr. A. J. Y. Guy
Deputy Minister

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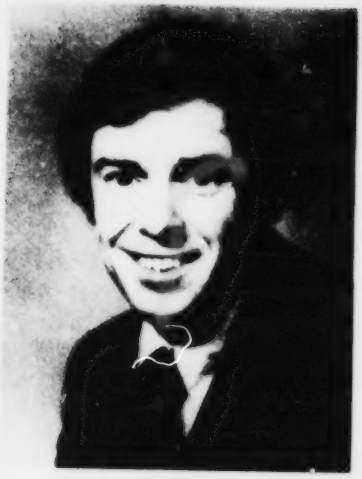

Hon. Gary Lane
Minister of Telephones

REGINA, Saskatchewan,
May 30, 1986.

TO HIS HONOUR

The Honourable F. W. Johnson,

Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith, the report of the Department of Telephones covering the activities of the rural telephone systems in the province for the calendar year 1985.

I have the honour to be, Sir,

Your obedient servant,

J. Gary Lane,
Minister of Telephones.

1985 Report at a Glance

- Under the Voluntary Assimilation Program during 1985, three Rural Telephone Companies, with 86 subscribers joined SaskTel making a total of 662 companies with over 46,869 subscribers assimilated in the nine years of the program.

- Rural telephone company spending totalled $137,209 down 2% from the previous year.

- Rural telephone companies buried 12 route kilometers (8 miles) of wire and cable in 1985.

- Grants of $11,782 were paid to rural companies by SaskTel, $8,202 in the form of Circuit Grants for buried cable and $3,580 for Maintenance Grants.

- As of 1984, all existing rural telephone companies were debt free.

Administration

Rural telephone companies historically were responsible for providing telephone service to Saskatchewan's farming population. During the last 16 years, 756 companies have voluntarily given the responsibility for their serving area to SaskTel. Less than 4% of the farms are now served by Rural Companies.

Under Section 5 of The Telephone Department Act, SaskTel administers The Rural Telephone Act and gives advice and guidance to rural companies for constructing and maintaining their plant to approved standards.

During 1985 SaskTel provided financial guidance and technical assistance to rural companies, as well as administrative help in winding up the companies that have joined SaskTel. Meetings were held with subscribers and boards of companies interested in joining SaskTel under the Voluntary Assimilation Program.

Companies Assimilated During Year - 1985

Name	Connecting Point	Number of Subscribers	Assim. Date
Riverside	Rouleau	5	April 28/85
North Estevan	Estevan	39	May 16/85
Tullymet	Balcarres	42	July 4/85
		86	

Extensions to Plant

Rural telephone companies extended their plant to serve 7 new subscribers during 1985. As a result of SaskTel's assimilation program this has steadily decreased from 706 new subscribers in 1976, to 13 in 1984.

Grants Program

In 1960, a program of grants was introduced providing funds to rural telephone companies that would assist and encourage them to upgrade the quality and reliability of the telephone service they provided to their subscribers.

Instrument Grant - 1960 to 1974

$989,483 was paid to provide dial-operated telephones free of charge in exchange for the magneto telephones.

Pole Grant - 1960 to 1974

Approximately $1,700,000 was paid to assist in the purchase of over 700,000 treated poles.

Maintenance Grant - 1960 to present

An annual grant of $2.50 per subscriber is paid to rural companies who maintain their plant to approved standards.

The following table indicates the assistance provided by the Maintenance Grant since 1960:

Year	Number of Companies Receiving Grant	Number of Subscribers Served By These Companies	Amount of Grants Approved
1960	124	14,421	$ 17,190
1961	174	19,720	43,503
1962	226	22,926	81,305
1963	306	29,002	72,505
1964	426	35,973	89,932
1965	530	41,537	103,842
1966	648	45,573	113,933
1967	714	48,036	120,090
1968	736	48,937	122,342
1969	754	49,320	123,300
1970	759	49,465	123,663
1971	771	49,533	123,833
1972	759	50,053	125,133
1973	747	49,812	124,530
1974	548	36,403	91,008
1975	614	41,130	102,825
1976	598	41,940	104,850
1977	216	12,993	32,482
1978	139	7,973	19,933*
1979	118	5,398	13,495*
1980	88	4,169	10,423*
1981	64	2,761	6,903*
1982	45	1,837	4,593*
1983	44	1,637	4,093*
1984	40	1,517	3,793*
1985	37	1,432	3,580*
			$ 1,783,079

* Paid by SaskTel

Circuit Grant - 1965 to present

The circuit grant was started in 1965 when reliable cable became available and replaced pole line construction almost immediately. It reduced the number of above-ground obstacles from an average of 25 poles per mile to an average of two pedestals per mile.

The average number of subscribers per line has also been reduced from over eight in 1965 to just under three in 1985.

Service disruptions due to the weather and damage to overhead lines has been eliminated.

The table below indicates the amount of financial assistance provided by the Circuit Grant since 1965:

Year	Number of Companies Receiving Grant	Route Kilo-meters	Route Miles	Circuit Kilo-meters	Circuit Miles	Amount of Grants Approved
1965	5	24	(15)	354	(220)	$ 725
1966	23	148	(92)	1,310	(814)	23,457
1967	53	417	(259)	3,146	(1,955)	56,264
1968	70	484	(301)	3,917	(2,434)	68,389
1969	68	504	(313)	3,256	(2,023)	58,414
1970	75	766	(476)	5,855	(3,638)	102,850
1971	120	954	(593)	5,659	(3,516)	102,734
1972	155	1,550	(963)	7,739	(4,809)	202,020
1973	233	2,723	(1,692)	13,378	(8,313)	564,952
1974	249	4,337	(2,695)	18,841	(11,707)	955,930
1975	309	5,996	(3,726)	20,509	(12,744)	1,221,618
1976	271	4,213	(2,618)	16,066	(9,983)	878,817
1977	82	1,365	(848)	4,790	(2,976)	251,433
1978	57	940	(584)	2,908	(1,807)	172,200*
1979	30	283	(176)	986	(613)	65,283*
1980	15	72	(45)	166	(103)	17,993*
1981	13	41	(25)	154	(95)	11,237*
1982	9	55	(34)	180	(111)	17,014*
1983	7	27	(17)	61	(38)	9,111*
1984	5	10	(6)	24	(15)	2,450*
1985	5	12	(8)	202	(125)	8,202*
		24,921	(15,486)	109,501	(68,039)	$ 4,791,093

* Paid by SaskTel

Operational Assistance to Rural Telephone Companies

There were 45 rural telephone companies still in operation at the beginning of 1985 and the department staff continued to offer technical advice and assistance as in the past.

Five rural companies placed 12 kilometers (8 miles) of buried underground facilities, with the department generally arranging for the material, cable, and providing supervisory help. SaskTel provided the engineering at no charge.

Ten general meetings were attended concerning assimilation, and over 20 board meetings were held with the rural representative to discuss cable projects and the Voluntary Assimilation Program.

An annual inspection of the plant of rural telephone companies was made for those companies applying for the maintenance grant. A report of the inspection was delivered to the secretary of each rural company. The annual financial report of each rural company was reviewed and recorded. Details from the statements are included in this report.

The Voluntary Assimilation Program

Responding to requests from rural telephone companies and the Association of Rural Telephone Companies, SaskTel, in 1976, announced two new programs.

The Voluntary Assimilation Program allows any rural telephone company to voluntarily give the responsibility for providing telephone service in its area to SaskTel. The Rural Service Improvement Program essentially provided for all rural telephone plants in the province to be buried with no more than four subscribers per circuit.

In the 10 years prior to 1976, SaskTel's Unserved Area Program assisted rural companies greatly by burying cables to pockets of farmers situated beyond the rural company serving area, allowing rural companies along the cable routes to rent cable pairs or in some instances to join SaskTel. Over 100 rural companies joined SaskTel during that period with 659 companies joining SaskTel in the last eight years.

The following indicates rural companies assimilated in the past by SaskTel:

Year	Number of Companies	Number of Subscribers
1967	1	5
1968	8	96
1969	2	25
1970	-	-
1971	8	225
1972	-	-
1973	8	528
1974	22	677
1975	27	715
1976	29	1,570
1977	460	33,603
1978	69	4,545
1979	32	3,041
1980	35	2,059
1981	26	1,392
1982	30	1,666
1983	1	222
1984	6	255
1985	3	86

At year end there were 2 applications for assimilation. Of the remaining 40 companies, 30 have their facilities totally buried and are providing a good level of service to their subscribers.

SaskTel, during the last eight years, has hired over 50 former linemen of rural telephone companies, fulfilling one of the commitments made in 1976.

The program is voluntary and is open to all rural telephone companies to apply for assimilation, which requires a 60 percent affirmative majority of the votes cast at a special meeting of the rural telephone company.

Rural Service Improvement Program

Benefits

- Reduction in the Number of Subscribers on a Circuit - SaskTel will re-design, and where necessary re-build, rural facilities initially to provide for not more than four subscribers per circuit.

- Reduced Service Interruption - All circuits will be buried reducing service disruptions due to weather disturbances.

- Regular Maintenance - SaskTel employees will have end-to-end responsibility for rural facilities.

- Common Rate Schedule - SaskTel's rate schedule for rural subscribers will apply. The "Special Levy Tax," where it now applies, will be discontinued.

- Individual Line Service - Private lines will be available to rural subscribers, subject to additional charges.

- New Subscribers - When re-designing the circuits, SaskTel will make provision for the inclusion of residents of the area who are without service.

Conditions

- Existing rural company subscribers will be provided with multi-party line service without a service connection charge.

- Individual line service, if requested at the time of canvassing, will be available to existing rural subscribers at standard SaskTel tariff rates plus construction charges, less a credit of up to $400.

- New subscribers will be required to pay standard service connection charges (presently $135) for multi-party service. New subscribers for individual line service will be required to pay standard SaskTel tariff rates and construction charges.

- SaskTel will assume all liabilities and assets of a rural telephone company that is assimilated. This includes all telephone sets, poles and cable.

- Easements are to be provided to SaskTel at no charge.

Financial Activities of Rural Telephone Companies

Authorization to regulate the operation of rural telephone companies by the Department of Telephones is provided under The Telephone Department Act. In practice the major area of regulation is the control of funds raised by the telephone tax. Spending of tax proceeds must receive the approval of the Department.

The following table shows the number of companies using special levy funds and the special account receipts and expenditures for each of the last 14 years.

Year	Number of Companies	Special Account Proceeds	Amount Expended
1972	576	$ 2,272,756	$ 2,195,752
1973	540	3,029,865	2,684,522
1974	511	3,436,179	3,320,900
1975	496	4,698,701	4,617,941
1976	505	5,325,494	5,242,792
1977	135	1,136,952	1,259,317
1978	86	641,899	689,592
1979	70	351,230	350,456
1980	48	200,708	274,766
1981	34	104,909	132,410
1982	11	28,918	36,694
1983	7	26,845	37,272
1984	5	11,704	9,582
1985	5	22,412	6,339
		$ 21,288,572	$ 21,058,335

Under Section 35 of The Rural Telephone Act, rural telephone companies may elect to exempt from telephone tax, any parcel that is not a run-off parcel. At year end, 20 companies were operating under this practice.

Special Account funds in banks or credit unions at December 31, 1985 was $40,902.00. This is an increase of $18,962 from last year.

Debentures

Total Debentures Issued (Since Incorporation)	$ 20,420,153
Less: Debentures of Companies Dissolved	$ 19,978,153
Debentures Issued (Current Operating Companies) as at December 31, 1985	$ 413,000
Amount of Debenture Principal Unpaid as at December 31, 1985	$ Nil

Short-Term Loans

Short-Term Loans Authorized	$ 6,301,334
Less: Short-Term Loans of Companies Dissolved	$ 6,023,434
Short-Term Loans Authorized (Current Operating Companies) as at December 31, 1984	$ 277,900
Total Loan Principal Unpaid as at December 31, 1984	$ Nil

Summary of Statistical Returns From Rural Telephone Companies

Size of Companies	Number of Companies		Number of Telephones (All Companies)	
	1984	1985	1984	1985
1 - 10 Telephones	9	8	71	66
11 - 25	13	13	205	205
26 - 50	10	8	375	294
51 - 100	9	9	566	566
101 - 200	4	4	505	506
	45	42	1,722	1,637

Telephones

	1984	1985
Farm	1,665	1,581
Residence	25	24
Business	30	32
	1,722	1,637

Route Kilometers (Miles)

	1984		1985	
Poles	71	(43.8)	61	(61)
Underground Wire and Cable	* 1,410	(870)	* 1,360	(840)

* Lower than total amount buried due to rural companies becoming part of SaskTel.

Debentures and Short-Term Loans

	1984	1985
Debentures Issued (Current Operating Companies)	$ 442,000*	$ 413,000*
Debenture Principal Unpaid	Nil	Nil
Short-Term Loans Authorized (Current Operating Companies)	$ 277,900*	$ 277,900*
Short-Term Loan Principal Unpaid	Nil	$ 3,000

* Reduced due to winding up of companies

Receipts and Expenditures

	1984	1985
Rentals Received	$ 90,257	$ 86,628
Total Receipts	$ 139,039	$ 151,009
Total Expenditures	$ 130,614	$ 137,209

PROVINCE OF SASKATCHEWAN
ANNUAL REPORT OF RURAL TELEPHONE COMPANIES
As at December 31, 1985

Name of Company	Connecting Point	Short Term Loans Issued	Short Term Loans Unpaid	Rental Received	Total Receipts	Total Expenditures	Kilometers Open Wire Route	Kilometers Open Wire Circuit	Kilometers Buried Route	Kilometers Buried Circuit	No. of Telephones Farms	No. of Telephones Res.	No. of Telephones Bus.	No. of Telephones Total
O Arm	Craik	$ —	$ —	$ —	$ —	$ —	—	—	7	35	7	—	—	7
Balcarres West	Balcarres	—	—	553	562	440	—	—	9	23	14	—	—	14
O Bellevue	Rouleau	—	—	—	—	—	—	—	11	18	7	—	—	7
Burdick	Moose Jaw	6,500	—	4,170	5,892	6,819	2	2	29	161	28	9	—	37
City View	Regina	—	—	506	566	606	2	2	4	11	7	—	3	10
Crooked Lake	Broadview	5,000	—	400	460	504	—	—	17	48	16	—	—	16
East Borden	Borden	—	—	1,560	1,972	3,047	—	—	76	296	53	—	—	53
Esk	Lanigan	—	—	653	683	622	—	—	9	17	12	—	—	12
Frenchman's Butte	Paradise Hill	—	—	429	441	461	18	18	—	—	16	—	—	16
Glendale	Balcarres	—	—	430	472	505	—	—	5	6	8	—	—	8
Grand Bend	Weyburn	15,000	—	2,600	3,553	3,442	—	—	41	99	43	—	—	43
Hanley	Hanley	—	—	579	853	885	—	—	34	129	31	—	—	31
Heward	Stoughton	7,000	—	2,520	3,047	3,035	—	—	48	96	38	2	—	40
Ituna	Ituna	43,000	—	5,787	23,312	26,713	—	—	88	313	95	8	5	108
Kilmory	Watrous	—	—	826	1,044	1,323	—	—	14	140	15	—	1	16
Kisbey	Kisbey	12,700	—	3,411	17,624	9,483	—	—	102	426	73	—	—	73
Leo	Hanley	—	—	702	789	824	—	—	27	150	24	—	—	24
Loreburn	Loreburn	—	—	2,215	3,084	3,379	—	—	63	240	53	—	—	53
McTaggart-Weyburn	Weyburn	10,000	—	3,660	4,791	3,749	—	—	52	95	64	—	—	64
Midale	Midale	61,900	—	6,585	7,550	9,298	6	6	101	308	124	—	2	126
Moose Jaw														
Enterprise	Moose Jaw	—	—	690	844	798	—	—	39	99	15	—	—	15
North Weyburn	Weyburn	—	—	1,095	3,678	3,915	—	—	74	234	35	—	1	36
Paynton	Paynton	25,000	—	5,547	6,637	2,856	—	—	46	158	88	—	6	94
Pelly	Pelly	—	—	2,341	4,340	4,164	1	1	29	42	63	—	—	63
Pibroch	Regina	—	—	5,512	7,035	5,914	—	—	21	40	47	4	3	54
Porcupine	Porcupine Plain	—	—	—	501	561	—	—	31	98	17	—	—	17
Prairie Lily	Rouleau	24,500	—	800	845	1,036	—	—	6	22	18	—	—	18
Prairieville	Swift Current	—	—	1,004	2,140	2,111	—	—	6	9	18	—	—	18
Redrows	Balcarres	—	—	336	356	333	—	—	10	14	8	—	—	8
Ridgedale	Ridgedale	56,000	—	9,763	18,004	12,862	—	—	76	224	135	—	1	136
Rose Plain	Regina	—	—	2,651	2,946	2,383	2	2	5	6	33	—	5	38
Rudolph	Rouleau	—	—	700	740	673	5	5	14	40	16	—	—	16
St. Boswells	Hodgeville	4,500	—	896	1,772	1,956	—	—	32	81	33	—	—	33
Somme	Porcupine Plain	2,000	—	3,448	6,619	5,754	—	—	88	275	138	—	—	138
South Antler	Carnduff	—	—	227	310	244	—	—	10	27	9	—	—	9
South West Tyvan	Francis	2,800	—	324	683	553	1	1	7	13	7	—	—	7
South Weyburn	Weyburn	—	—	4,882	5,796	6,450	—	—	31	46	59	—	—	59
Sunny South	Indian Head	—	—	963	442	425	8	8	—	—	9	—	—	9
Truax Valley	Avonlea	—	—	—	40	244	11	11	2	2	10	—	—	10
Watrous	Watrous	—	—	1,680	1,781	869	—	—	23	122	10	—	5	15
Wideawake	Indian Head	2,000	—	1,577	3,303	3,319	5	5	25	125	32	—	—	32
Wilcox Mutual	Wilcox	—	—	4,406	5,482	4,654	—	—	48	142	53	1	—	54
TOTAL (42 Companies)		$ 277,900	$ —	$ 88,628	$ 151,009	$ 137,209	61	61	1,360	4,427	1,581	24	32	1,637

O Statistics not available